

SUBJECT: Payment of workers under public works contracts

COMMITTEE: State Affairs: favorable, with amendments

VOTE: 11 ayes--Laney, P. Hill, Danburg, Gavin, Gibson,  
Guerrero, Haley, Leonard, Perez, Riley, Saunders  
0 nays  
2 absent--Tallas, Cain

SENATE VOTE: On third reading, April 2--voice vote

WITNESSES: For--Joe Gunn, United Labor Legislative Committee  
Against--None

BACKGROUND: VACS art. 5159a requires public entities to include sufficient funds in their contracts to pay the prevailing wage of workers in the area. For example, when a school district awards a contract to build a school, it must allow enough money in the contract to pay carpenters the prevailing wage made by carpenters in the area. The public entity has the authority to audit the books of a contractor to see if they are paying the prevailing wage to their workers or subcontractors. If the workers are not being paid the prevailing wage, the contractor is penalized and must pay the public entity \$10 a day for each employee who is underpaid.

DIGEST: SB 1011 would require that, in addition to the penalty forfeited by a contractor failing to pay the prevailing wage, the public entity would also deduct from payment to the contractor the amount of money not paid to the workers. The public entity would use these collected funds to pay the workers the difference between what they were paid and the prevailing wage in the area. The public entity could recover any administrative costs associated with implementing or enforcing the collection and distribution of the collected funds.

If the amount of funds collected was insufficient to pay the prevailing wage, the public entity could sue the contractor and the contractor's sureties for the difference. It would be no defense that the worker had

accepted or agreed to take the position at a wage lower than the prevailing rate.

A contractor or subcontractor who violated the bill could not bid or be awarded a public works contract with the public entity for one year.

SUPPORTERS  
SAY:

SB 1011 would ensure that workers hired under a contract with a public entity are paid the prevailing wage in the area. A public entity must include enough money in a contract to pay the prevailing wage. If the contractor does not pay workers the prevailing wage, the contractor just pockets the extra funds. This bill would protect the taxpayer and the worker from such unethical contractors.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee amendments added provisions for administrative costs and barring contractors violating the prevailing wage requirement from bids on public works projects for a year.